

**MINUTES  
of the  
SECOND MEETING  
of the  
TOBACCO SETTLEMENT REVENUE OVERSIGHT COMMITTEE**

**September 29, 2004  
Room 311, State Capitol  
Santa Fe**

The second meeting of the Tobacco Settlement Revenue Oversight Committee for the 2004 interim was called to order by Senator Mary Jane M. Garcia, co-chair, on September 29, 2004 at 10:20 a.m. in Room 311 of the State Capitol.

**PRESENT**

Rep. Gail C. Beam, co-chair  
Sen. Mary Jane M. Garcia, co-chair  
Sen. Richard C. Martinez  
Rep. Gloria C. Vaughn

**ABSENT**

Sen. Ramsay L. Gorham  
Rep. J. Paul Taylor

**Advisory Members**

Rep. Luciano "Lucky" Varela  
Rep. Teresa A. Zanetti

Sen. Joseph J. Carraro  
Sen. Dede Feldman  
Sen. Steve Komadina  
Sen. Linda M. Lopez  
Rep. Danice Picraux

**Staff**

Maha Khoury  
Sarah Salazar  
Kathleen Dexter

**Guests**

The guest list is in the meeting file.

**Wednesday, September 29**

The committee initially convened as a special subcommittee and voted to recommend that the minutes of the June 17, 2004 meeting be adopted. A sufficient number of voting members subsequently arrived to constitute a quorum, and upon motion duly made, seconded and approved, the recommendation to adopt the minutes was approved.

## **TOBACCO USE PREVENTION AND CONTROL (TUPAC) PROGRAM STATUS REPORT**

Larry Elmore, TUPAC program manager, and Dr. Susan Baum, epidemiologist with the Chronic Disease Prevention and Control Bureau of the Department of Health (DOH), gave an update on the TUPAC program, as well as national and state tobacco use trends. In the past decade, annual per capita cigarette consumption in New Mexico has dropped from 64 packs to 45, with more than half of that drop occurring in the year immediately following a 70-cent increase in the state cigarette tax. In spite of the tax increase, the youth smoking rate in the state is approximately 25 to 30 percent, and the adult smoking rate is comparable to national levels at about 22 percent. Tobacco manufacturing companies currently spend \$38.78 per New Mexican to advertise their products while the state spends \$2.75 per New Mexican to counter those industry efforts. In addition, smoking-related costs to the state total approximately \$7.75 per pack of cigarettes sold. The TUPAC program is currently funded with \$5 million from the general fund and \$1.1 million from the Centers for Disease Control and Prevention (CDC), a funding level that falls short of the CDC's recommendation of \$14.2 million for tobacco control in New Mexico. On questioning from committee members, the presenters noted that:

- state revenue rose in spite of a drop in sales following the cigarette tax increase;
- Montana experienced immediate savings following a ban on indoor smoking when state health care costs declined;
- tobacco control programs are not funded equally around the state;
- TUPAC has program contracts with tribal entities throughout the state;
- the current request for proposal for quit line services includes expanded hours, bilingual and web-based services and chewing tobacco programs;
- increases in tribal cigarette sales following tax increases are temporary; and
- the current price of cigarettes on tribal land is \$2.70 per pack compared to \$4.25 elsewhere.

Committee members noted that the tobacco products tax increase initially included chewing tobacco, but this provision was amended out of the final bill; a federal lawsuit has been filed against tobacco manufacturing companies for deceptive practices; performance measures need to be included in TUPAC contracts; smoking should be banned in all public schools; and the administration needs to address tobacco taxation issues with tribes. Issues were raised concerning the geographic distribution of TUPAC program funds; statistics on the success of TUPAC programs in different ethnic communities; and the Legislative Finance Committee audit of the TUPAC contract.

## **DIABETES PROGRAM UPDATE**

Mary Frerichs, DOH diabetes prevention and control program manager, gave a presentation on diabetes trends and statewide prevention and treatment efforts. Approximately one in 11 adults in New Mexico has diabetes, and the annual cost for direct and indirect medical expenses related to diabetes in the state totals more than \$1 billion. While Native Americans have been the population at the highest risk for the disease in the state, recent CDC studies have

shown diabetes increasing in Hispanic women at a rate that may soon place this population at the highest risk. The diabetes prevention and control program operates on a budget of \$2 million, half of which comes from tobacco settlement money with the remainder split between the general fund and CDC funding. Successful outreach efforts include the Kitchen Creations Cooking School, which teaches meal planning and cooking strategies for diabetics; the Coordinated Approach to Child Health (CATCH), a school health program; and rural primary care clinic diabetes support, which provides glucose meters and test strips to more than 30 clinics statewide. New projects in 2004 include a needle exchange and disposal program, foot exam training for promotores and a study through the Miners' Colfax Medical Center on why certain patients do not follow up on health care visits. On questioning from committee members, Ms. Frerichs, who was joined by Carol Marr of the DOH Public Health Division and Dr. Baum, stated that:

- \$2 million is needed to meet the statewide need for glucose meters and test strips;
- the growing rate of diabetes in children is tied to the growing rate of obesity;
- a shortage of school nurses makes it difficult to conduct effective diabetes education and prevention programs in schools; and
- the CATCH program includes the topic of sugar intake in its curriculum.

#### **HIV/AIDS PROGRAM UPDATE**

Susan Eastman, DOH Infectious Disease Bureau chief, thanked the committee for the tobacco settlement funds the bureau has received in the past five years for the HIV health management alliance program and for general HIV prevention programs. For fiscal year (FY) 2005, the funds are being used primarily to build the capacity of the prevention programs and to implement the CDC's program evaluation monitoring system in order to better assess the effectiveness of the programs in each participating clinic.

#### **BREAST AND CERVICAL CANCER PROGRAM UPDATES**

Carolyn Ingram, director, Medical Assistance Division (MAD), Human Services Department, and Rosemary Madrano of the joint DOH-MAD breast and cervical cancer program explained eligibility criteria for and participation in the program. The program is 82 percent funded with federal funds and is administered through Medicaid, though DOH performs the initial eligibility screenings. Extensive outreach efforts are included, and the number of women enrolled in the program doubled between FY 2003 and FY 2004. On questioning from committee members, the presenters stated that:

- the increase in enrollment is due primarily to successful outreach, not to an increase in the incidence of cancer;
- the cervical cancer vaccine being developed at the University of New Mexico (UNM) is not available to women in this program because Medicaid does not cover experimental treatments and because vaccines are preventatives;
- federal funding is being cut for the program;
- mammograms and PAP smears have been very effective screening tools; and
- the program is probably not high on the list of Medicaid programs to be cut at the

state level because the federal match is so high.

### **UNM HEALTH SCIENCES CENTER STATUS REPORT**

Dr. Philip Eaton, vice president for health services, UNM Health Sciences Center (HSC), gave a report on performance measures in UNM HSC programs receiving tobacco settlement funds, including the Area Health Education Center, Los Pasos, pediatric oncology, the New Mexico Poison and Drug Information Center, telemedicine, specialty education in pediatrics, specialty education in trauma and tobacco-related research. On questioning from committee members, Dr. Eaton added that, because of past legislative funding, UNM also has faculty who specialize in identifying and treating West Nile virus.

### **LOVELACE RESPIRATORY RESEARCH INSTITUTE (LRRI) STATUS REPORT**

Dr. Robert Rubin, LRRI president, and Dr. Edmundo Gonzales, LRRI director of external affairs, reviewed the institute's recent work, including a study of 2,500 New Mexicans at risk for emphysema and lung cancer. LRRI is also developing tests for early detection of lung cancer and detection of a gene mutation that increases the likelihood of emphysema, and has requested support from the federal Department of Health and Human Services to establish a minority respiratory health center. On questioning from committee members, the presenters stated that:

- participants in the study also receive smoking cessation and health education;
- one difficulty in addressing smoking cessation is the attitude in the United States that smoking is a moral issue rather than a medical issue;
- some additives in cigarettes, including flavorings, can accelerate addiction; and
- past research on lung-tissue regeneration shows that it worked on mice but not on humans.

### **TOBACCO SETTLEMENT REVENUE ESTIMATES**

Melissa Vigil of the Department of Finance and Administration presented revenue estimates for the Tobacco Settlement Permanent Fund projected through FY 2025. Deposits to the fund from the master settlement agreement are projected to decline from nearly \$36 million in FY 2005 to approximately \$32 million in FY 2025, a figure that is derived based on a projected decline in cigarette sales and that is also adjusted for inflation. The current balance in the fund is \$70.6 million. In general discussion, committee members noted that the master settlement agreement is tied only to domestic sales of tobacco and that the governor has agreed to continue funding those programs that had been funded in the past through the Tobacco Settlement Program Fund.

Representative Beam requested a fiscal analysis of the original proposal for tobacco settlement revenue showing the point at which the permanent fund becomes large enough to sustain the programs indefinitely, to be supplied by the Legislative Council Service.

### **PUBLIC COMMENT**

Cynthia Serna of New Mexico Citizens Concerned About Tobacco urged the committee

to increase TUPAC funding to meet the CDC recommendation of \$14 million and cited results from a recent poll of 500 registered voters showing strong support for an increase in the tobacco products tax and the cigarette tax, as well as support for tobacco cessation program funding.

#### **RECOMMENDATIONS FOR PROGRAM FUNDING**

Representative Beam presented a list of tobacco-related programs funded for FY 2005 and the committee agreed to her proposal that the same amounts be requested for FY 2006 with an increase in funding for TUPAC programs to \$8 million. Representative Varela requested an explanation from DOH on how and why \$1 million was moved from TUPAC to the Behavioral Health Services Division. Representative Beam also suggested that a representative from DOH be present at the next meeting to explain the disposition of those FY 2005 funds intended for the TUPAC program.

Having no further business, the committee adjourned at 4:00 p.m.